

BUSINESS OPPORTUNITY

CC-GRSM007-17

Department of the Interior

National Park Service
Great Smoky Mountains National Park

A Concession Business Opportunity to Operate Guided Horseback Rides, Wagon and/or Carriage Rides, Vending, Firewood and Ice, and Souvenirs at Smokemont Riding Stables

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INTRODUCTION

The National Park Service ("Service") intends to award a concession contract in Great Smoky Mountains National Park ("Park") for concession operations at Smokemont Riding Stables. This Prospectus describes in general terms the existing business operations and the future business opportunities for the facilities and services required by the Service. Offerors must review all sections of this Prospectus and specifically, the terms and conditions of the Draft Concession Contract CC-GRSM007-17 ("Draft Contract"), including its exhibits, to determine the full scope of a future concessioner's responsibilities under the Draft Contract.

The Service is conducting this solicitation in accordance with the National Park Service Concessions Management Improvement Act of 1998 (Public Law 105-391), as implemented by regulations in 36 C.F.R. Part 51. The term "Concessioner" as used in the Prospectus refers to the entity that will be the Concessioner under the Draft Contract. The term "Existing Concessioner" refers to Smokemont Stables, Inc., the Concessioner at Smokemont Riding Stables under the current Concession Contract CC-GRSM007-08. The Existing Contract CC-GRSM007-08, as amended, and a copy of 36 C.F.R. Part 51 are included as appendices to this Prospectus.

In the event of any inconsistency between the terms of this Prospectus and 36 C.F.R. Part 51, 36 C.F.R. Part 51 will control. In the event of any inconsistency between the description of the terms contained in this Prospectus and the Draft Contract, the attached Draft Contract will control.

Given the popularity of the Park, and the variety of services available to the public required under the Draft Contract, the Service believes this new concession contract for the Park presents an attractive business opportunity for a future concessioner.

THE NATIONAL PARK SERVICE AND ITS MISSION

In 1916, President Woodrow Wilson approved legislation creating the National Park Service within the Department of the Interior. That legislation stated that Congress created America's National Park Service to:

...conserve the scenery and the natural and historic objects and the wild life therein, and to provide for the enjoyment of the same in such a manner and by such means as will leave them unimpaired for the enjoyment of future generations. (16 U.S.C. § 1)

Additionally, Congress has declared that the National Park System should be:

...preserved and managed for the benefit and inspiration of all the people of the United States. (16 U.S.C. § 1a-1)

The Service has as its overall mission, the preservation and public enjoyment of significant aspects of the nation's natural and cultural heritage. To learn more about the National Park Service, visit www.nps.gov. This site includes information about the Service's mission, policies, and individual park units.



GREAT SMOKY MOUNTAINS NATIONAL PARK

Great Smoky Mountains National Park, located in North Carolina and Tennessee, spans 800 square miles, 95 percent of which are forested and feature large expanses of old growth. The Park is one of the largest protected areas in the eastern U.S., world renowned for the diversity of its plant and animal resources and the quality of its remnant southern Appalachian culture. Its status is emphasized by its designation as an International Biosphere Reserve and a World Heritage Site. The Park is located within 550 miles of one-third of the population of the U.S. With over nine million visitors annually, Great Smoky Mountains National Park is the most visited national park.

The Park is intended “for the benefit and enjoyment of the people.” This purpose was stated by Congress in the Act of May 22, 1926, which provided for the establishment of the Park. The Act further defined the purpose by reference to the National Park Service Organic Act of August 25, 1916, which stated that the fundamental purpose of national parks is “to conserve the scenery and the natural and historic objects and the wildlife therein and to provide for the enjoyment of the same in such manner and by such means as will leave them unimpaired for the enjoyment of future generations.”

The Park provides the only habitat in the world for several plant and animal species, including the Cain’s reed-bent grass and the Jordan’s salamander. The Park is also home to between 1,000 and 2,000 black bears—the largest concentration of black bears in the eastern U.S. In addition, at least 60 native mammals live in the Park, including white-tailed deer and the endangered Indiana bat.

As a steward of significant historic cultural resources, the Park maintains its southern Appalachian heritage by housing over 100 historic buildings, along with cultural scenes and landscapes. A century of human history and its evolution in the Appalachian region is preserved within five major historic districts and other areas throughout the Park.

The Park accommodates myriad recreational opportunities with 384 miles of roads, over 800 miles of trails, 100 backcountry campsites and shelters, 1,000 front country campsites in 10 locations, more than 700 miles of streams, three visitor centers, 11 picnic grounds, and numerous scenic overlooks.

Surrounding communities provide tourists with a variety of services and amenities, including lodging, restaurants, fuel and transportation, retail, and other entertainment. These tourist communities continue to expand at growing rates. A study conducted in 2010 indicated that visitors to the Park spend over \$818 million in the gateway communities surrounding the Park, topping the 398 national park units in visitor spending.

Threats to the Park come in many forms, some obvious and indisputable and others more subtle and controversial. Humans are the root cause of some of these problems, while nature produces and advances others. Ensuring the survival of the Park’s ecosystem is a major charge given to the Service.

Air quality is one threat that remains a major Park concern. High ozone levels and acid precipitation present a health hazard and can damage ecosystems and vegetation. Moreover, visibility impairment due to air pollution diminishes the overall visitor experience. Air pollution does affect water quality, though Park waters remain mostly free of chemical pollutants.

Forest insects and diseases also threaten the Park’s ecosystem. A recent and serious insect threat is the hemlock woolly adelgid, the Asian relative of the balsam woolly adelgid. This small insect attacks the Park’s eastern hemlock trees, sometimes causing death in as little as two years. Other pests and diseases affecting Park ecosystems include chestnut blight, southern pine beetle, and dogwood anthracnose. Emerald Ash Borer, a tiny beetle that feeds exclusively on ash trees was confirmed in the Park during the summer of 2012. Thousand cankers disease, a fungus spread to walnut and butternut trees by the walnut twig beetle, was found in the Park in the fall of 2012. Emerald ash borer, thousand cankers disease, and other forest insects and diseases can be transported in firewood. The future poses additional problems with such threats as gypsy moths and the Asian long-horned beetle. These pests, as



well as the emerald ash borer, thousand cankers disease, are often transported into and around the park in firewood. In 2014 the park began only allowing heat treated wood to be brought into the park and sold in campgrounds in order to discourage the spread of these forest pests throughout the park and region.

Exotic plants and animals introduced into the natural ecosystem through a variety of sources also threaten Park resources. Exotic species compete for resources with native species, which can alter the community structure and invade large portions of the Park. Some exotic species are extremely invasive, and to combat them, the Park has launched an extensive program targeting these invasive exotic species so that native species will remain dominant in the ecosystem. Kudzu, mimosa trees, multiflora rose, and the European wild boar are among the Park's worst exotic species.

The Park's 1982 General Management Plan (GMP) establishes long-range strategies for resource management, visitor use, and provides an integrated plan for the management of the Park. This plan creates a framework for all future programs, facilities, and management actions. The GMP addresses concession operations, in part, as follows:

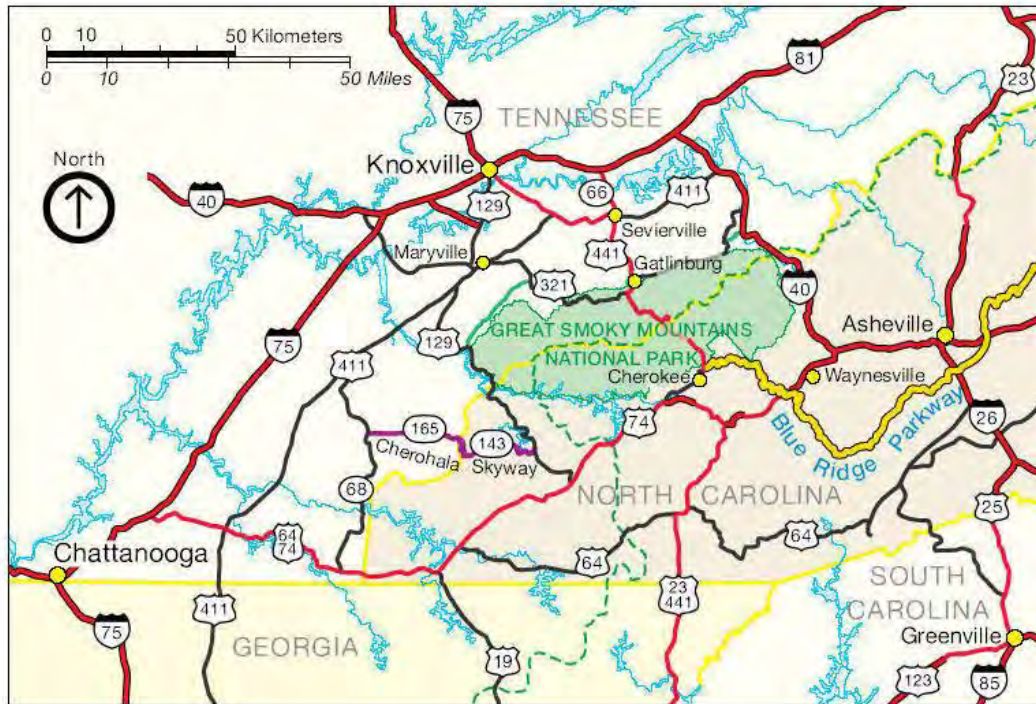
CONCESSION SERVICES: Park visitors are well served by adjacent communities, which provide varied lodging accommodations and eating facilities as well as regional crafts, souvenirs, and entertainment. There is little or no need for most such services within the Park.

Park concession services will be limited to fulfilling visitor needs that cannot be met or that would be inefficiently met by other sources. These include horse rental within the Park, a campers' store, and the LeConte Lodge operation. Products of living history demonstrations, films, interpretive literature, pertinent postcards, and thematic mementos, as permitted by consideration of public health and National Park Service policies, will be available through the Great Smoky Mountains Natural History Association (page 33).



Exhibit 1 presents an area map showing the Park and nearby landmarks. The Park is located in eastern Tennessee and western North Carolina approximately 45 miles from Knoxville, Tennessee, and 60 miles from Asheville, North Carolina. Interstate Highways 40, 75, and 81 provide access to the area. The primary gateway communities include Gatlinburg and Townsend, Tennessee, and Cherokee, North Carolina, all of which are within four miles of the Park.



Exhibit 1. Area Map

Source: www.nps.gov/GRSM

Smokemont Riding Stables is located off Newfound Gap Road approximately six miles north of Cherokee, North Carolina. Smokemont Campground is less than one mile from the stables and offers 142 individual campsites and three group campsites. Tow String Horse Camp is approximately one mile south of the Smokemont Riding Stables. A number of popular hiking and horseback trails originate in the Smokemont and Tow String areas. The Oconaluftee Visitor Center, located approximately four miles south of Smokemont, provides information, exhibits, and an orientation to the Park for visitors. This new Visitor Center was opened to the public in 2011. Three other horseback riding stable concession operations are authorized in other areas of the Park.

To learn more about the Park, visit the Park Web site at www.nps.gov/grsm.



CONCESSION OPPORTUNITY

This Concession Opportunity includes guided horseback rides, wagon and/or carriage rides, vending, firewood and ice, and souvenirs at Smokemont Riding Stables, located in the North Carolina section of Great Smoky Mountains National Park.

Exhibit 2. Smokemont Riding Stables



Source: National Park Service

Concession Overview

The existing concession operation at Smokemont Riding Stables offers a variety of guided horseback rides, lasting from one to four hours. The one-hour and two-and-one-half hour rides are the most popular rides. Horseback trips proceed at a walking pace.

Trails used for horseback rides pass through a scenic, forested area of the Park on trails assigned for the use by the Concessioner. The trails used by Smokemont traverse mountainous terrain. The one-hour trail gains and loses approximately 200 feet of elevation over 2.5 miles. The Concessioner is responsible for maintaining the trails used for trips lasting up to two and one half hours.

The Existing Concessioner also offers a guided, horse-drawn wagon ride lasting approximately one-half hour. The wagon follows the Oconaluftee River Road, a gravel surface administrative road. The wagon turns around at the gate 0.6 miles from the stable and retraces the same route back to the stable. The wagon that is currently in use can carry up to 12 passengers.

The Existing Concessioner also provides vending machine sales of soft drinks and bottled water and sells firewood and packaged ice for campers. In addition, the Existing Concessioner sells souvenir hats and tee shirts and offers souvenir photographs.

Facilities the Existing Concessioner use include public restrooms, a paved parking lot, assigned trails, an office, a storage room, a 24-stall barn, covered stalls, a visitor reception area building, an employee break building, a firewood shed, and corral fencing. All of the facilities, with the exception of the public



restrooms, paved parking lot, and assigned trails, are temporary concession facilities that are the personal property of the Existing Concessioner. The Existing Concessioner will remove these Temporary Facilities prior to the effective date of the Draft Contract unless the Concessioner purchases these facilities from the Existing Concessioner. If the Concessioner does not purchase these facilities, it will be the Concessioners responsibility to construct facilities approved by the Park.

There is no designated hay storage on site. The Existing Concessioner has hay delivered by tractor-trailer truck to a location outside the Park and delivers hay to the site periodically using a pickup truck and horse trailer

The public restrooms have fluorescent lighting, electric hand dryers, and an electric wall heater in the plumbing chase to keep pipes from freezing during the shoulder season. The parking lot has 22 parking spaces, one of which is an accessible parking space.



Required and Authorized Services

EXISTING CONTRACT

Exhibit 3 summarizes the Required and Authorized services under the Existing Contract.

Exhibit 3. Required and Authorized Services under the Existing Contract

Required Services	
Guided Horseback Rides	Guided trail rides up to 4 hours in length using no more than 35 horses.
Vending Machines Sale of Soft Drinks and Bottled Water	Limited to no more than 2 machines.
Firewood and Ice	
Authorized Services	
Wagon and/or Carriage Rides	Horse-drawn wagon and/or carriage rides.
Limited Souvenirs	Sale of souvenir hats, tee shirts, patches, and post cards; other items with the Superintendent's approval.
Souvenir Photographs	Sale of souvenir photographs per a plan approved by the Superintendent.
Vending Machine Sale of Snack Items	Limited to no more than 2 machines.

Source: National Park Service

DRAFT CONTRACT

Exhibit 5 summarizes the Required and Authorized concession services under the Draft Contract. The Concessioner must provide the Required Services and may, at its option, provide the Authorized Services. The Concessioner will submit a plan to the Superintendent detailing how, when, and where Authorized services will be provided. The Superintendent must approve all Authorized Services and any merchandise to be sold by the Concessioner.

Exhibit 4. Required and Authorized Services under the Draft Contract

Required Services	
Guided Horseback Rides	
Wagon and/or Carriage Rides	
Vending	
Firewood and Ice	
Souvenirs	
Authorized Services	
Souvenir Photographs	
Camper Convenience Items	

Source: National Park Service

Guided Horseback Rides

The Draft Contract requires the Concessioner to provide guided one-hour and two-and-one-half hour horseback rides. The Concessioner may, with the approval of the Service, offer other guided rides between three-quarters of an hour and four hours in duration, but not exceeding four hours.



Wagon and/or Carriage Rides

The Draft Contract requires the Concessioner to provide horse-drawn wagon and/or carriage rides lasting from one-half hour to three-quarters of an hour on the Oconaluftee River Road. The Concessioner may also offer horse-drawn wagon and/or carriage rides at the request of the Service at other locations in conjunction with special events offered by the Service.

Vending

The Draft Contract requires the Concessioner to provide vending machine sale of soft drinks, fruit drinks, bottled water, and packaged snack items. The Concessioner may also provide vending machine sale of hot beverages, ice cream, and visitor convenience items.

Firewood and Ice

The Draft Contract requires the Concessioner to sell bundles of well-seasoned firewood and kindling. In order to prevent the accidental introduction of insect pest species, the Concessioner's firewood resale operation must meet a number of stringent criteria described in the Draft Operating Plan. The Draft Contract also requires the Concessioner to sell packaged ice.

Souvenirs

The Draft Contract requires the Concessioner to sell a selection of souvenir items that may include hats, tee shirts, post cards, and patches. Other types of souvenir items must be submitted to the Superintendent for approval. Souvenir items must be consistent with the theme of the Park and must be approved by the Superintendent before resale.

Camper Convenience Items

During the term of the Draft Contract, the Service is considering constructing new stables that may include retail space for camper convenience items. If this construction occurs, the Draft Contract authorizes the Concessioner to sell camper convenience items the Superintendent determines are necessary for the use and enjoyment of Smokemont Campground by campers. Specific items to be sold must be approved by the Superintendent. A list of currently approved items is included as Attachment 3 to the Draft Operating Plan.

Souvenir Photographs

The Draft Contract authorizes, but does not require, the Concessioner to sell souvenir photographs. Souvenir photographs may be taken for the purpose of sale to visitors only.



Future Concession Facilities

The Service may construct new Concession Facilities that will be assigned for use by the Concessioner during the term of the Draft Contract. These new facilities would replace all of the temporary concession facilities used under the Existing Contract. The existing parking lot and restrooms are not anticipated to be replaced.

The anticipated Concession Facilities to be constructed are as follows (note that these are plans only and may change): office, horse barn, hayshed, manure shed, wash rack, bulk feed bin, loading platform, and corral fencing.

UTILIZATION AND OPERATING DATA

The Proposal Package (Part IV of this Prospectus), which Offerors must complete and submit as part of this solicitation, requires Offerors to develop financial projections based on the business to be operated. To assist Offerors in the development of these projections, the Service presents information regarding historical utilization, operating data, and financial projections, based on an assumed Draft Contract start date of January 1, 2017. Please note that the Service's financial and operational projections are only estimates based on Service assumptions that were developed taking into account publicly available historical data, industry standards, other comparable information from other facilities, and the Existing Concessioner's Annual Financial Reports.

Some or all of the Service's estimates or projections may not materialize and unanticipated events may occur that will affect these estimates and projections. Offerors are responsible for producing their own financial analyses and future financial projections and may not rely on the Service's estimates or projections. The Service does not warrant, and assumes no liability for, the accuracy of the financial projections or estimates contained in this Prospectus.

Historical Revenue

Exhibit 10 presents total concession annual revenue from 2012 to 2014 broken down by department.

Exhibit 10. Smokemont Riding Stables Revenues, 2012-2014			
Department	2012	2013	2014
Guided Horseback Rides (incl. wagon rides)	\$299,894	\$277,775	\$304,173
Vending	\$1,390	\$1,252	\$1,600
Firewood and Bagged Ice	\$20,592	\$17,793	\$20,416
Souvenirs	\$3,145	\$5,935	\$4,755
Total	\$325,021	\$302,755*	\$330,944

Source: National Park Service

*Note that in 2013 a Government Shutdown occurred which closed the operation for a period of time in October.

Exhibit 11 presents the annual franchise fees paid from 2012 to 2014.

Exhibit 11. Franchise Fees Paid, 2012-2014		
2012	2013	2014
\$13,001	\$12,110	\$11,615*

Source: National Park Service

*Note that in 2014 October Franchise Fee payments were waived for Concessioners who operated during the 2013 Government Shutdown.



Future Revenue Projections

Exhibit 12 shows the projected departmental and total revenue for the first three years of the Draft Contract. The Service projects that total annual revenue will increase by 2.4% annually during the term of the Draft Contract. The Service based this projection on a review of historic revenue growth rates for this operation and other riding stable operations in the Park.

Exhibit 12. Projected Revenue by Department¹

Department	2017	2018	2019
Guided Horseback Rides (incl. wagon/carriage rides)	\$320,000 – \$340,000	\$330,000 – \$350,000	\$340,000 – \$360,000
Vending	\$1,500 – \$2,000	\$1,550 – \$2,050	\$1,600 – \$2,100
Firewood and Bagged Ice	\$19,000 – \$25,000	\$20,000 – \$26,000	\$21,000 – \$27,000
Souvenirs	\$4,000 – \$6,000	\$4,000 – \$6,000	\$4,500 – \$6,500
Total	\$344,500 – \$373,000	\$355,550 – \$384,050	\$367,100 – \$395,600

Source: National Park Service

¹ These estimates are not warranted by the Service and the Service is not bound by these estimated amounts. All Offerors are responsible for conducting their own due diligence and calculating their own revenue estimates.

Departmental and Indirect Expenses

The Service projects that departmental and indirect expenses will be within industry average ranges.

Utility Expense

The Concessioner obtains water and sewer services from the Cherokee Water Department and pays the provider directly for these services. Duke Energy provides electrical service and the Concessioner pays the provider directly for this service. The Concessioner will contract with outside providers for telephone and internet service and pay these providers directly for these services. The Service anticipates that utility expenses will be somewhat higher for the new concession facilities due to the larger size and different watering system and has estimated that this initial increase at 20%. The Service estimates that utility rates will increase by 2.4% annually after the first year of the Draft Contract.

Concession Facilities

A list of assigned land and real property improvements (“Concession Facilities”) along with a map can be found in Exhibit C to the Draft Contract, which is presented in Part V of this Prospectus. The Service may construct new facilities during the term of the Draft Contract. A new comfort station will not be rebuilt, so the existing one will continue to be used under the Draft Contract. The Concessioner will be responsible for maintenance, repairs, housekeeping, and grounds-keeping of the Concession Facilities, as provided in the Draft Contract.

The office, storage room, 24-stall barn, covered stalls, visitor reception area building, employee break building, firewood shed, and corral fencing are temporary concession facilities that are the personal property of the Existing Concessioner. The Existing Concessioner will remove these Temporary Facilities prior to the effective date of the Draft Contract unless the Concessioner purchases these facilities from the Existing Concessioner. If the Concessioner does not purchase these facilities, it will be the Concessioner’s responsibility to construct temporary personal property facilities approved by the Park.



INVESTMENT AND OPERATIONS ANALYSIS

Estimated Initial Investment

Exhibit 13 summarizes the estimated initial investment to be made by the Concessioner. The Service estimates that this initial investment will be approximately \$118,463 in 2017 dollars. This estimate includes the purchase of personal property, inventory and working capital, and start-up costs (staff hiring, training, etc.).

Exhibit 13. Estimated Initial Investment (2017)¹

Item	Estimated Amount (2017 Dollars)
Personal Property	\$361,572
Start-up Costs	\$16,497
Inventory and Working Capital	\$10,533
TOTAL	\$388,602

Source: National Park Service

¹ These estimates are not warranted by the Service and the Service is not bound by these estimates. All Offerors are responsible for conducting their own due diligence and calculating their own revenue and expense estimates.

Personal Property

The estimated value of Personal Property is approximately \$361,572 in 2017 dollars. This amount includes \$251,737 for the purchase of stables and tack, \$79,155 for the purchase of horses, and \$30,680 for the purchase of carriages and trail maintenance equipment to include specialized equipment to deliver crushed rock for application on the trail.

Start-up costs, Inventory, and Working Capital

At the start of the Draft Contract, the Concessioner will need to make a one-time investment in a range of activities to ramp up operations. These activities include staff hiring, training that may involve compensation in addition to normal wages, systems implementation, legal support services, and marketing and advertising beyond normal annual expenditures. The Service estimates start-up costs to be approximately \$16,497 or roughly 25% of first-year administrative and general expenses for payroll and other categories.

In addition to any necessary investment in start-up activities, the Concessioner will need to invest a certain amount of cash in the operation to cover that portion of the operation's expenses that the Concessioner will likely incur in advance of offsetting revenues, including the purchase of initial inventory. The Service assumes the Concessioner will invest another 3.0% of first-year gross revenue or \$10,533 in inventory and working capital.

Deferred maintenance

There is no deferred maintenance under the Draft Contract.

Trail Maintenance Expenses

The Maintenance Plan to the Draft Contract (Exhibit E) describes requirements for the maintenance of trails by the Concessioner. In order to meet these requirements, the Service anticipates that the Concessioner will use mechanized equipment that will be purchased or rented by the Concessioner. The



Service must approve any mechanized equipment the Concessioner will use on trails and examples of the types of equipment considered suitable for this use are included in the Maintenance Plan. In addition, the Maintenance Plan specifies a minimum amount of crushed rock that the Concessioner will have to apply annually to the trails. The personal property estimate provided above includes the purchase of specialized equipment to deliver crushed rock for application on the trails such as an all-terrain utility vehicle and dump trailer. The Service also anticipates that the Concessioner will rent or purchase other equipment for the maintenance of trails such as a small-medium size mini-excavator or skid steer.

Franchise fees

The minimum franchise fee will be equal to **two and a half percent (2.5%)** of the Concessioner's annual gross receipts for the preceding year. However, Offerors may propose a higher minimum franchise fee, as described more fully in the Proposal Package (included in part IV of this Prospectus).

Contract term

The Draft Contract will be for a term of ten (10) years with an estimated beginning date of January 1, 2017. The effective date of the Draft Contract may change prior to contract award if determined necessary by the Service. The Service will change the expiration date of the Draft Contract to provide the same term length (10 years) due to any adjustments to the effective date.



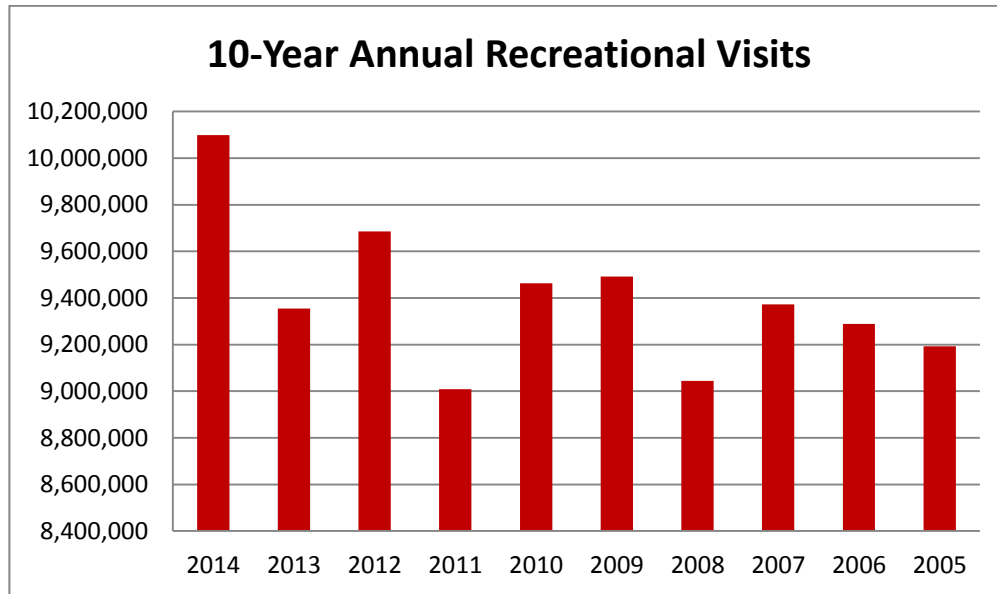
PARK VISITATION INFORMATION

Great Smoky Mountain National Park is one of the most popular park units in the national park system with over 9 million recreational visits in 2013, which is the highest visitation of any of the 58 national parks. The Park has attracted between eight and 10 million visitors annually since the mid-1970s, and does not require an entry fee because of the way in which the State of Tennessee transferred ownership of Newfound Gap Road to the federal government.

Annual Visitation Trends

Over the last 10 years, Park visitation has remained relatively stable, peaking in 2014 with approximately 10.1 million visitors (See Exhibit 14). The lowest visitation during this period was approximately 9.0 million in 2011 and the average was approximately 9.4 million visits per year. The reason for the drop in visitation in 2011 is unknown.

**Exhibit 14. Annual Visitation to
Great Smoky Mountains National Park, 2005-2014**



Source: National Park Service Public Use Statistics Office

Monthly Visitation Trends

Visitation at the Park is seasonal with peaks in the summer and fall. Visitation typically peaks in July and October. Cumulatively, these two months represented 27 percent of total 2014 visitation. Exhibit 15 illustrates monthly Park visitation between 2009 and 2014.

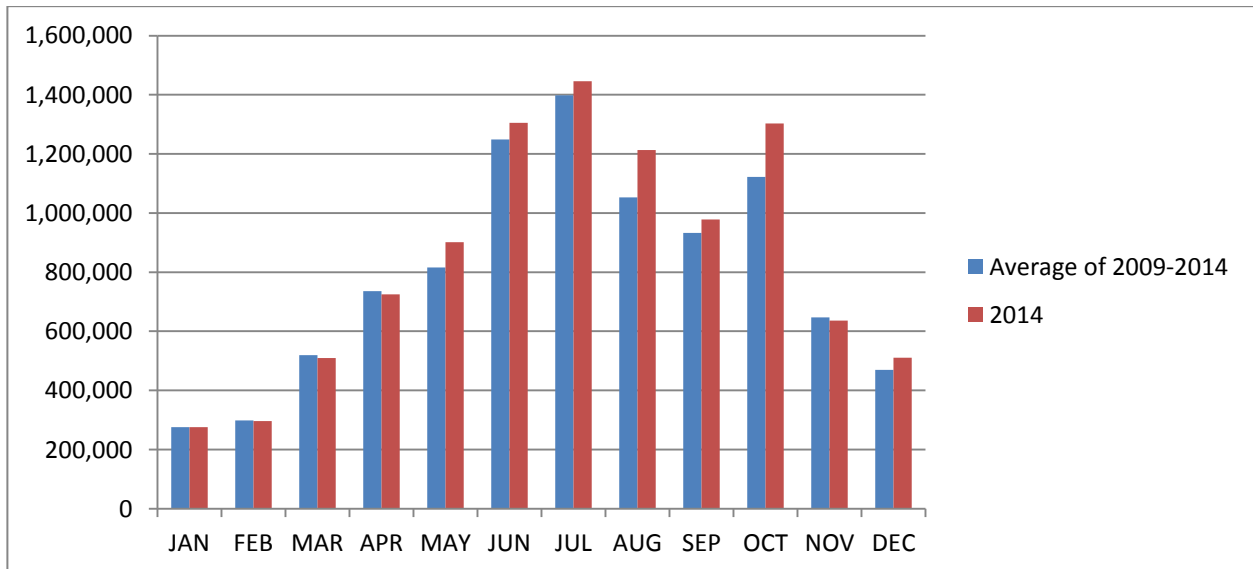


Exhibit 15. Monthly Park Visitation, 2009–2014

Recreational Visits							
	2009	2010	2011	2012	2013	2014	2014 % of Total
January	323,614	303,318	214,609	269,282	265,633	275,353	2.7%
February	334,515	239,587	315,206	353,390	252,437	296,451	2.9%
March	521,140	505,950	502,501	611,326	465,594	509,454	5.0%
April	770,585	848,946	690,037	745,545	636,677	724,987	7.2%
May	788,974	792,980	727,237	799,760	885,960	900,900	8.9%
June	1,181,938	1,359,978	1,121,001	1,202,056	1,321,821	1,305,063	12.9%
July	1,404,034	1,403,978	1,342,491	1,392,067	1,399,567	1,445,328	14.3%
August	1,035,277	947,311	1,002,603	1,081,025	1,040,021	1,213,263	12.0%
September	845,655	845,410	882,269	982,942	1,060,237	978,105	9.7%
October	1,052,137	1,252,357	1,133,530	1,144,273	847,616	1,303,450	12.9%
November	708,797	621,211	605,743	623,636	688,430	636,596	6.3%
December	524,771	342,512	471,603	480,527	490,702	510,327	5.1%
TOTALS	9,491,437	9,463,538	9,008,830	9,685,829	9,354,695	10,099,277	100%
% Change	5%	-0.29%	-5%	8%	-3%	8%	

Source: National Park Service Public Use Statistics Office

In recent years, visitation levels during the peak months have remained substantially higher than during the off-season months. However, because of the introduction of year-round school calendars in many of the Park's feeder markets, an increasing number of families are now frequenting the Park in the traditionally off-season months. This visitation pattern has resulted in visitation leveling out between the peak and off-peak months, while annual Park visitation has remained relatively stable. Exhibit 16 illustrates recreational Park visitation by month for 2014 and an average for 2009–2014.

Exhibit 16. Park Recreational Visitor Comparison by Month

Source: National Park Service



Visitor Origin

Almost all (99 percent) of the visitors frequenting the region are from the U.S. Based on the location of the Park, the majority of the visitors are from nearby states, in particular Tennessee, Florida, Alabama, and North Carolina. These states represent the largest feeder states to the Park and collectively represent approximately 50 percent of annual visitation.

The geographic origin of Park visitors also varies between the two peak seasons. Approximately 61 percent of visitors during the summer are from the Southeast as compared to 69 percent during the fall. This pattern is consistent with conversations with local tourism officials who indicated that the region attracts slightly more single day trips during the fall to see the foliage. Exhibit 18 depicts four- and eight-hour driving radii from the Park.

Exhibit 17. Four and Eight-Hour Driving Radii from the Park



Source: Microsoft MapPoint

Gateway Cities

Several gateway cities, including Gatlinburg, Pigeon Forge, Townsend, and Sevierville in Tennessee and Cherokee and Bryson City in North Carolina, surround the Park. These towns and communities rely almost entirely on tourism and their proximity to the Park for their livelihood. The infrastructure and development in these gateway cities is vital to their livelihood, particularly on the Tennessee side, because the nightly visitor base is approximately 10 times larger than the actual population. Exhibit 19 and Exhibit 20 show the gateway cities in Tennessee and North Carolina.



Exhibit 18. Tennessee Gateway Cities

Source: Microsoft MapPoint

Exhibit 19. North Carolina Gateway Cities

Source: Microsoft MapPoint

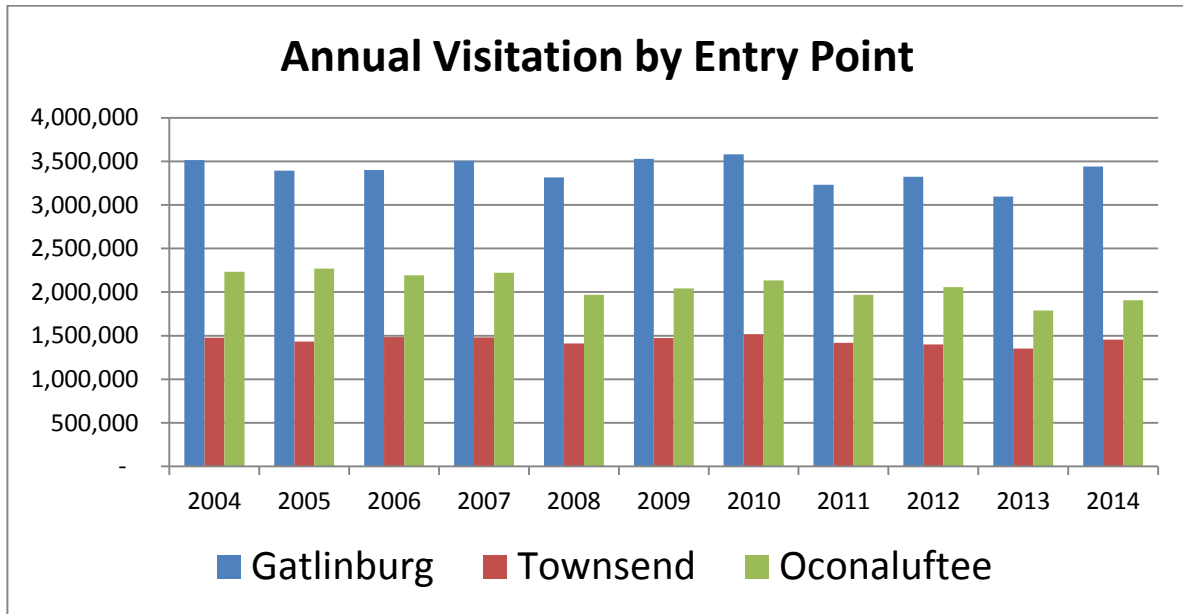
Visitation by Entry Point

Historically, more visitors enter the Park via the Tennessee entry points than the North Carolina entry points and approximately one-half of visitors use the Gatlinburg or Cherokee entrances on Newfound Gap Road. In 2014, 34 percent of visitors to the Park entered from Gatlinburg and 19 percent from Cherokee.



The same year, approximately 14% of visitors entered from Townsend (see Exhibit 21). The remaining 33% of visitors used one of the outlying entrances to the Park.

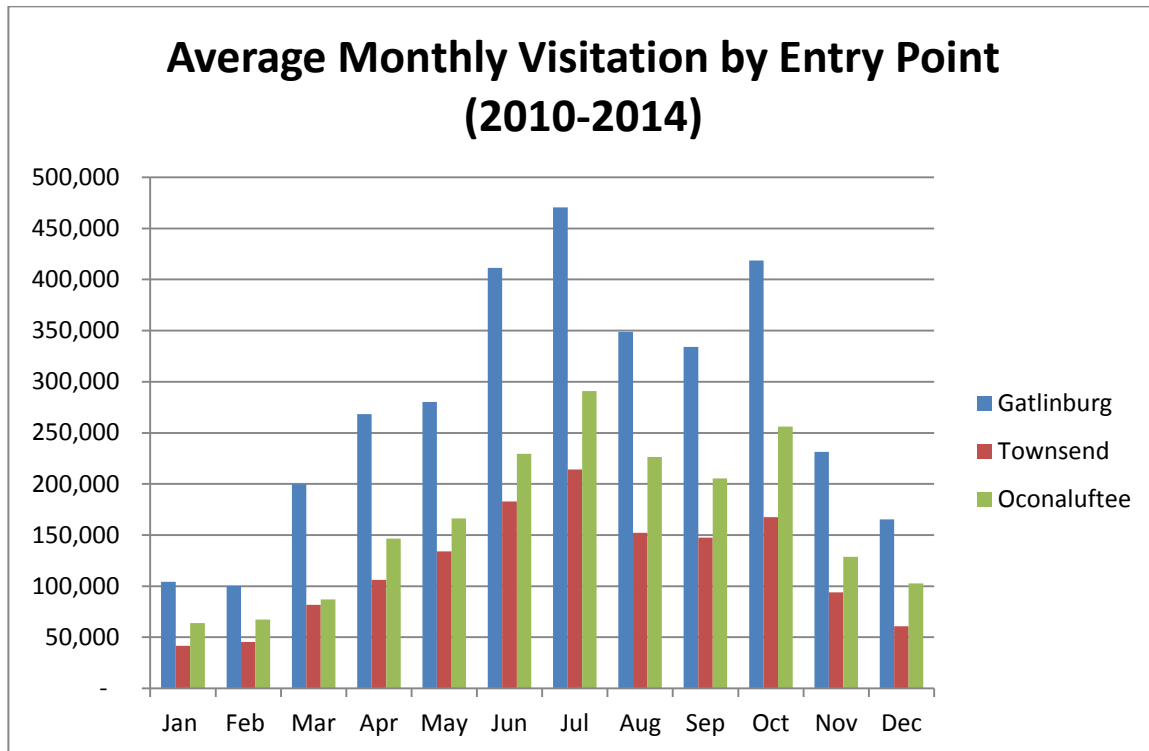
Exhibit 20. Annual Park Visitation Levels by Entry Point



Source: National Park Service

Visitation seasonality is very similar between the Tennessee and North Carolina entry points with July then either June or October, being the peak months of the year (see Exhibit 21).



Exhibit 21. Monthly Park Visitation by Entry Point

Source: National Park Service

MARKET AREA OVERVIEW

Attractions and Demand Generators

While the Park seems to be the primary driver of visitation to the region, the Tennessee and North Carolina gateway cities also have their own attractions and demand generators contributing to overall visitation to the region.

Tennessee Demand Generators

The Gatlinburg-Pigeon Forge area is home to many commercial visitor attractions, some within the top five in Tennessee. The region's major demand generators are Dollywood, Ripley's Aquarium, Ober Gatlinburg, numerous shopping options, the Gatlinburg Convention Center, LeConte Event Center, The Island at Pigeon Forge, Rocky Top Sports World, and local shops and museums.

The primary demand generator of the area is Dollywood, which is also the number one commercial attraction in the state of Tennessee, and Dollywood's Splash Country, a popular adventure waterpark. Dollywood and Splash Country are amusement park attractions that Dolly Parton established, which offers visitors rides, festivals, shows, heritage, crafts, and dining outlets.

Another major demand generator is the areas' convention centers located in Gatlinburg and Pigeon Forge. Gatlinburg is home to the Gatlinburg Convention Center, a 278,000-square-foot facility that has historically operated at 67 percent utilization. The LeConte Center at Pigeon Forge opened in 2014 and



is a 232,000-square-foot facility. The majority of users of these facilities are trade shows, corporate groups, regional associations, and youth groups. Visitors also come to peruse the nearby local shops, restaurants, and museums found near the centers.

Located adjacent to the LeConte Center is the newly opened Island in Pigeon Forge. The Island includes a variety of major restaurants, such as Margaretville and Paula Dean's Kitchen, retail shops, rides, games, and nightly live music. The centerpiece of the facility is a 200 foot-tall Ferris wheel. The Island is a new attraction to the area and has continually expanded since it's opening in 2014.

Rocky Top Sports World in Gatlinburg opened in 2014 and provides indoor/outdoor sports facilities for tournaments and sporting camps. The complex includes seven outdoor fields with synthetic turf and 86,000-square-foot indoor facility. The facility was built to appeal to the growing sports tourism market. The complex is utilized year round for a multitude of sporting events including soccer, football, basketball, and volleyball.

Townsend, which advertises itself as the *Peaceful Side of the Smokies*, is located in Blount County, Tennessee. Townsend is the nearest gateway community to Cades Cove and offers a variety of overnight lodging, restaurants, craft shops, and visitor attractions.

Exhibit 22. Gatlinburg, Tennessee



Downtown Gatlinburg



Gatlinburg from Above



Sevierville



Pigeon Forge

Source: National Park Service

North Carolina Demand Generators



The primary demand generator near the Cherokee, North Carolina entry point to the Park is the Harrah's Cherokee Casino & Hotel with 3.6 million visitors. An enterprise of the Eastern Band of the Cherokee Nation, the Casino has 150,000 square feet of gaming space with slot machines and table games. The property also features over 1,100 hotel rooms, 10 restaurants, a 3,000 seat Event Center, and 8 retail shops.

Exhibit 23. Cherokee, North Carolina



Harrah's Cherokee Casino & Hotel



Downtown Cherokee



Museum of Cherokee Indians



Downtown Cherokee Stores

Source: National Park Service

In addition to the casino, the North Carolina side of the Park attracts visitors to its cultural activities in the region. Many of these activities are associated with the nearby Cherokee Indian Reservation and include museums, theaters, and drama related to Cherokee history; Qualla arts and crafts; and recreational activities, including trout fishing, hiking, whitewater rafting, and canoeing. According to local tourism officials, there is a perception that the Cherokee area has shifted from a family to an adult-oriented destination, which has affected Park-related visitation levels.

Exhibit 24 lists tourism impacts on Gateway Communities in 2013 for tourism in Blount, Sevier Counties, and Swain Counties.

Exhibit 24. Tourism Impacts in TN and NC

Tourism Impact on Gateway Counties of Great Smoky Mountains National Park 2013 (In Millions \$)			
	Blount County, TN	Sevier County, TN	Swain County, NC
Tourist Spending	\$312.01	\$1,699.94	\$187.99
Local County Taxes Generated by Tourism	\$10.57	\$48.87	\$3.95

*Source: Steve Morse, Director & Economist, Hospitality and Tourism Program,
College of Business, Western North Carolina University*

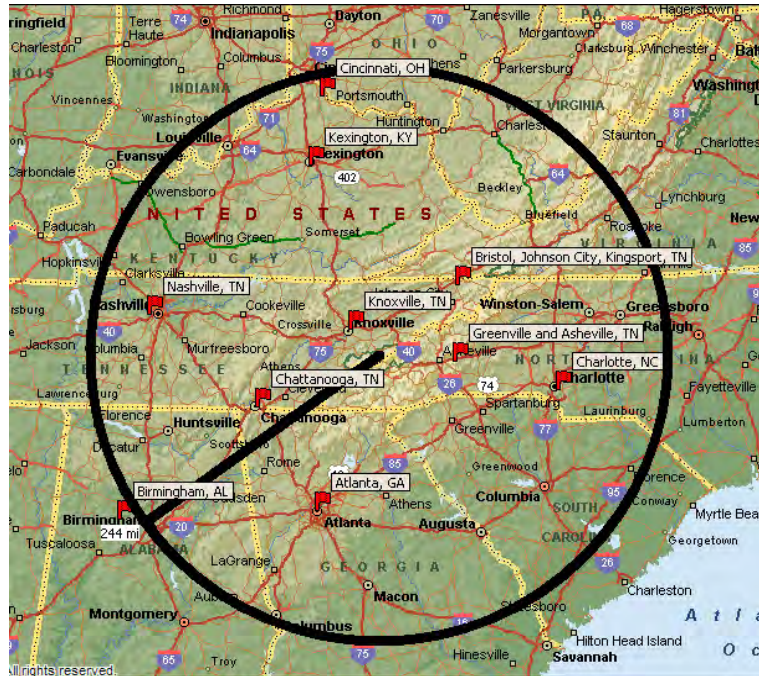
Key Feeder Markets

Although the Park tracks visitor origin only by state, the surrounding gateway cities also track visitor origin by specific feeder market. Given that visitors to the region are also visitors to the Park, there is a high correlation between gateway and Park feeder markets. Based on discussions with tourism officials, Exhibit 25 represents the top 10 feeder markets to the gateway cities surrounding both sides of the Park. The primary feeder market for the region is the greater Atlanta area located approximately four hours to the south.

Exhibit 25. Top 10 Key Gateway City Feeder Markets

Key Feeder Markets			
MSA	Distance (Miles)	Driving Distance (hrs)	Population (2013)
Knoxville	35	1	183,270
Greenville, Asheville	65	1.5	176,366
Bristol, Johnson City, Kingsport	75	2	144,711
Chattanooga	110	2.75	173,366
Atlanta	138	3.75	447,841
Charlotte	160	3.5	792,862
Nashville-Davidson	181	3.75	609,644
Lexington	205	3.5	308,428
Cincinnati	242	4.5	297,517
Birmingham	244	5	212,113





Source: Various

Market Area Summary

Great Smoky Mountains National Park is one of the most visited national parks. The surrounding area features a robust tourism industry, and there continues to be demand for the services and offerings the Park provides. Research and analysis of the Park's market indicate that visitation levels for the foreseeable future are likely to remain consistent with post-2001 visitation levels, at more than nine million visitors per year.

Based on the research conducted for this Prospectus, the Service anticipates that demand for concession services at Smokemont Riding Stables are likely to remain consistent with historical demand or increase. The proximity to one of the park's major campgrounds and main visitor entrances places the stables in a position to continue enjoying historical visitation levels with profitable returns.

PREFERRED OFFEROR DETERMINATION

The 1998 Concessions Act includes the limited right of preference in renewal for statutorily defined outfitter and guide services and small contracts. The Service has determined, pursuant to 36 C.F.R. Part 51, that the Existing Concessioner is a "preferred offeror" who is eligible to exercise a right of preference for the award of the Draft Contract.

SITE VISIT

A one-day site visit is scheduled on the date listed on the inside front cover of this Prospectus. If you plan on attending the site visit and would like more information, please contact Molly Schroer, Concession Management Specialist, at (865) 436-1209 or Molly_Schroer@nps.gov. Please RSVP by the date listed on the inside front cover of this Prospectus. The site visit will be an opportunity for all interested parties to get an overview of the concession operation along with a tour of the Concession Facilities associated with the Draft Contract.

